

AFRICA RISK CONSULTING Ghana Monthly Briefing July 2024

Ghana Summary 12 July 2024

Vice president and ruling New Patriotic Party (NPP) presidential candidate Mahamudu Bawumia announces on 4 July he has chosen energy minister Matthew Opoku Prempeh as his running mate for the 7 December general election. Bawumia will be hoping that this selection will bolster his campaign as he continues to trail his chief rival, former president and National Democratic Congress (NDC) leader John Mahama (2012-2017) in the polls. Ghana secures a debt restructuring agreement with its Eurobond holders marking an important step in its economic recovery efforts. Partly as a result of this, the International Monetary Fund (IMF) on 28 June approves another tranche payment under Ghana's Extended Credit Facility (ECF) arrangement. Three people are killed in intercommunal violence in the Upper West region on 16 June.

Mahamudu Bawumia selects his running mate

Vice president **Mahamudu Bawumia**, the ruling **New Patriotic Party's (NPP)** presidential candidate for the 7 December general election, announced on 4 July that he had selected energy minister **Matthew Opoku Prempeh** (known colloquially as **Napo**) as his running mate.¹ Prempeh was reportedly unanimously endorsed by the NPP's **National Council** indicating that he enjoys widespread support within the party's leadership.² This announcement ends several months of speculation on who Bawumia would select as his vice-presidential candidate.

Prempeh is a politically astute choice as a running mate for Bawumia. The energy minister is a Christian from Ghana's **Asante** region. Asante is Ghana's most populous region and is located in southern Ghana which balances well against Bawumia, who is a Muslim from Ghana's **Northern** region.³ Bawumia is clearly hoping that Prempeh will help motivate voters in the Asante region and quell any concerns Christian voters may have while hoping his own background will help bring in Muslim voters and those from the north.

It is common practice for presidential candidates to select a running mate from the other side of the country than themselves. Bawumia's chief opponent, former president **Johan Mahama** (2012-2017) of the opposition **National Democratic Congress (NDC)**, is also from northern Ghana and chose a former education minister, **Jane Naana Opoku-Agyemang**, who is from southern Ghana as his running mate.

The announcement of Bawumia's running mate marks yet another milestone in the build-up to the 7 December general election. Now that both leading candidates have confirmed their running mates, campaigning for the presidential election is expected to intensify.

Prempeh has a reputation as a reliable and trusted figure in government and has fairly high name recognition as he served as education minister before his appointment as energy minister. However, his selection will likely lead Mahama and the NDC to intensify their criticism of Ghana's energy supply challenges and the rolling blackouts, known locally as **Dumsor**. Yet on a balance, Prempeh's inclusion will strengthen Bawumia's ticket and likely provide a boost to his electoral campaign

...but is still trailing in the polls

¹ Reuters, 4 Jul 2024

² GNA, 4 Jul 2024

³ Reuters, 4 Jul 2024

Bawumia will be hoping that the announcement of his running mate will provide a much-needed boost to his campaign. Accra-based market research and polling firm **Global InfoAnalytics**' latest presidential poll, released on 7 July, indicates that Bawumia still trails Mahama by 38.2% to 51.1%.⁴ It should be noted that this poll was conducted before the announcement of Prempeh as Bawumia's running mate and the impact of this development is yet to be measured. Furthermore, Bawumia's polling numbers improved by 3.3% in Global InfoAnalytic's latest poll compared with its April numbers. However, Bawumia will also be concerned by the fact that former NPP trade minister **Alan Kyerematen** is drawing around 5.3% of voters, most of which were likely former NPP supporters. Kyerematen left the NPP last year after failing to make it past the first round of the party's presidential primaries and formed his own party, the **Movement for Change**, under which he is contesting the presidency.

The latest polling numbers are even worse for the NPP - Global InfoAnalytics is currently projecting that the ruling party will only win 95 seats in **Parliament** compared to 159 for the NDC. This marks a major defeat for the NPP, which currently has 137 seats, and one of its worst electoral performances.

Polling is an imprecise science and Global InfoAnalytics' reports should not be viewed as a prediction but rather a snapshot of voter sentiment at a point in time. As such, it is still possible for Bawumia and the NPP to make up the necessary ground with voters. What these polls do underscore is the challenging electoral environment faced by the ruling party and its flagbearer.

Ghana's election is taking place at a time when much of the population is frustrated with the government and the ruling party. This is a result of Ghana's recent economic crisis which resulted in a rapid depreciation of the currency, high inflation rates, and a drop in state spending. The effects of this crisis are still being felt by Ghanaians.

Ghana also has a political culture of frequently changing ruling parties. Ever since the country's return to democratic rule in 1992, no party has managed to win more than two consecutive terms. These factors combined have resulted in Bawumia facing an uphill battle in his efforts to win the presidency.

Agreement reached with bondholders...

This challenging environment also means that the NPP's election chances are intertwined with the state of Ghana's economy, but the ruling party can feel increasingly optimistic after Ghana finally secured an agreement with its **Eurobond** holders to restructure \$13 billion of the country's debt.⁵ This agreement was first reached in principle on 21 June and was approved by the country's **Official Creditor Committee (OCC)** on 8 July.⁶

As per the restructuring agreement, the bondholders have accepted nominal losses of 37% on their holdings and will forgo \$4.7 billion of their claims while providing around \$4.4 billion in cash flow relief to the government.⁷ The agreement has met the OCC's principle of 'Comparability of Treatment' which ensures all of Ghana's creditors receive equal treatment. Importantly, the restructuring agreement appears to also have met the **International Monetary Fund's (IMF)** sustainability standards. The IMF rejected an earlier agreement between Ghana and its bondholders in April as it did not consider the agreement financially sustainable for Ghana over the long term.

This is an important positive development for Ghana and marks the last major restructuring deal the country needed to secure this year. Ghana also reached a restructuring agreement with the OCC for an estimated \$5.4 billion in debt on 12 June (*see ARC Briefing Ghana Jun 2024*). However, the country is still seeking to structure its other debt burdens and has had some success there as well. Most notably, on 1 July, finance minister **Mohammed Amin Adam** revealed that the government had reached

⁴ Global InfoAnalytics, 7 Jul 2024

⁵ Bloomberg, 21 Jun 2024

⁶ Reuters, 8 Jul 2024

⁷ Bloomberg, 24 Jun 2024

agreements with five of Ghana's seven **Independent Power Producers (IPPs)** to restructure and renegotiate its unpaid arrears to these firms.⁸

... prompting the IMF to release tranche payment

The restructuring deals with major creditors such as the OCC and bondholders provided a much-needed boost for the country ahead of the IMF executive board's review of Ghana's **Extended Credit Facility (ECF)** arrangement on 28 June. Securing debt restructuring agreements is a key benchmark condition for Ghana's access to ECF funding. As such, the IMF review was largely positive, and the board authorised the immediate disbursement of \$360m in funding.⁹ This has brought the total disbursements received by Ghana under the 36-month \$3 billion ECF arrangement to \$1.6 billion.

These funds will help capitalise Ghana's foreign exchange reserves and help support the cedi on global currency markets. The funds will also provide some budgetary relief to Ghana enabling the government to meet its various obligations.

The IMF board was largely complementary about Ghana's performance in implementing the necessary reforms under the ECF arrangements. Ghana met all the quantitative performance criteria for the review period and almost all of the indicative targets. Key among these was the government's progress on its comprehensive debt restructuring due to the agreements secured with the OCC and the country's bondholders. The board also noted that Ghana's primary fiscal balance improved by over 4% of GDP in 2023 and it expects Ghana to achieve primary fiscal surpluses of 0.5% of GDP in 2024 and 1.5% of GDP in 2025.

Ghana's central bank, the **Bank of Ghana (BoG)**, was also commended for its prudent fiscal policy that has helped bring down inflation. The BoG increased the country's main monetary rate by 1,650 basis points from 13.5% to 30% between September 2021 and July 2022 to rein in inflation.¹⁰ The interest rate has since been lowered slightly to its current rate of 29%. This aggressive strategy helped bring inflation down from a 20-year high of 54.1% in December 2022 to 22.8% as of June 2024.

Although the IMF was largely complementary, the board still urged Ghana to continue to implement reforms, especially those that would create a more conducive investment environment, enhance transparency, and improve governance.

Regardless, the NPP and Bawumia will welcome this positive review and the IMF tranche payout as it will inject additional momentum into Ghana's economic recovery which could help bolster their electoral chances.

Intercommunal violence in Upper West region

At least three people were killed in intercommunal clashes in the **Wa West** district of the **Upper West** region on 16 June. The clashes occurred between the **Kendew** and **Lassia Tuolu** communities in the area and reportedly centred on a dispute over cultural rituals.

Intercommunal violence is arguably Ghana's most serious security concern. Such clashes are instigated by a wide range of disputes including but not limited to, competition for land and water, disputes over cultural practices, revenge attacks, and control over traditional leadership positions.

Although all of these aforementioned causes occur frequently, the most serious clashes tend to centre on control of traditional leadership positions. Chieftaincy disputes have become increasingly common and frequently led to clashes between rival groups. This is best illustrated in the town of **Bawku** (**Upper East** region) where the dispute between the **Mamprusi** and **Kusasi** ethnic groups has resulted in the rapid deterioration of the security environment in recent years.

⁸ My Joy Online, 1 Jul 2024

⁹ IMF, 28 Jun 2024

¹⁰ Trading Economics, 12 Jul 2024

There is a legitimate concern that such intercommunal tensions will be exacerbated in 2024 ahead of the 7 December elections. National and local politicians may seek to exploit these differences to galvanise support.

Planner

9 Dec 2024 (**Ghana**) General election

Chronology

12 Jul 2024 **Accra (Ghana)** *Peace FM*. The opposition-led **Hands Off Our Hotels** demonstration takes place in Accra protesting the sale of two hotels to a business owned by food and agriculture minister **Bryan Acheampong**;

11 Jul 2024 **Accra (Ghana)** *News Ghana*. The **Ghana Statistical Service (GSS)** releases its latest inflation rate figures revealing that Ghana's inflation rate fell from 23.1% in May to 22.8% in June;

11 Jul 2024 **Accra (Ghana)** *Ghana Business News*. **Parliament** passes the **National Service Authority Bill, 2024**, which establishes a new **National Service Authority** enabling the state to conscript and deploy eligible persons to perform national service in national priority areas;

10 Jul 2024 **Accra (Ghana)** *The Africa Report*. Opposition **National Democratic Congress (NDC)** expresses concern over a leaked letter from chief justice **Gertrude Torkornoo** recommending the appointment of five new supreme court judges, six months ahead of the December election;

9 Jul 2024 **Accra (Ghana)** *GNA*. The ruling **National Patriotic Party (NPP)** parliamentary caucus publicly endorses the decision by chief justice **Gertrude Araba Esaaba Sackey Torkornoo** to recommend five judges for appointment to the supreme court;

8 Jul 2024 **Stockholm (Sweden)** *Graphic*. The **Arbitration Institute of the Stockholm Chamber of Commerce (SCC)** rules that Ghana is not liable to pay the \$915.8m claimed by **Italian** energy company **Eni** and **Swiss**-headquartered energy and commodities company **Vitol** in the dispute involving their Ghanaian operations but will only need to pay \$185,000;

7 Jul 2024 **Accra (Ghana)** *Graphic*. At least six people attack the ruling **New Patriotic Party (NPP)** office in **Ayawaso West Wuogon (Greater Accra region)** damaging property and vehicles;

3 Jul 2024 **Accra (Ghana)** *Graphic*. The **Civil and Local Government Service Staff Association of Ghana (CLOGSAG)** embarks on a countrywide strike over the failed implementation of the public sector salary structure;

3 Jul 2024 **Accra (Ghana)** *Bloomberg*. Supreme court adjourns a hearing on the anti-LGBTQ **Promotion of Proper Human Sexual Rights and Ghanaian Family Values Bill** until 17 July;

2 Jul 2024 **Swakopmund (Namibia)** *Namibian Sun*. The fifth session of the **Namibia-Ghana Joint Permanent Commission of Cooperation (JPCC)** takes place in Swakopmund;

27 Jun 2024 **Accra (Ghana)** *GNA*. Former president and **National Democratic Congress (NDC)** presidential candidate **John Mahama** meets with **South Korean** ambassador **Park Kyongsig**;

1 Jul 2024 **Accra (Ghana)** *Business Day*. **International Monetary Fund (IMF)** revises Ghana's growth forecast for 2024 upwards from 2.8% to 3.1%, citing improved economic stability;

25 Jun 2024 **Accra (Ghana)** *CNBC*. President **Nana Akufo-Addo** says the successful completion of the negotiations for restructuring of its debt will allow stalled projects to go ahead;

24 Jun 2024 **Accra (Ghana) GNA**. Opposition **Movement for Change** leader and former trade minister **Alan Kyerematen** launches his party's **Great Transformational Plan** which forms the cornerstone of the party's campaign manifesto;

19 Jun 2024 **Pretoria (South Africa) GNA**. President **Nana Akufo-Addo** meets with South African President **Cyril Ramaphosa** in Pretoria following Ramaphosa's second-term inauguration;

15 Jun 2024 **Accra (Ghana) GNA**. The **Affirmative Action (Gender Equality) Bill, 2024**, is formally submitted to **Parliament**.

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